



Marketing Update



CERTIFIED RED ANGUS

Pro-Cow

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Capturing Source and Age Premiums

In September 2006, the beef industry's most time tested Process Verified Program (PVP), the Red Angus Feeder Calf Certification Program, added age verification to its list of USDA approved claims. This addition

expanded the list of USDA claims that, since the program's initiation in 1993, has also included genetic traceability to a minimum of 50% Red Angus bloodlines and source verification to the ranch of origin. You have heard many times that the demand for age verification is driven by the Japanese fed beef trade that requires that exported beef must come from cattle less than 20 months of age. The Red Angus FCCP is one of several programs which provide documentation of age and source verification, which are required for producers' cattle to access available premiums. Thus far in Red Angus fiscal year 2006-07, approximately 600 commercial users of Red Angus genetics have gone through the Supplier Evaluation Process and have been issued FCCP tags with anticipation of merchandising an age and source verified product.

Several packers, pricing grids, and marketing alliances began offering significant premiums (\$25-30 / head) for age verified cattle during the last year. Often, these premiums are available for cattle sold on either a cash basis or committed to a grid, and are typically paid in addition to the carcass grid premiums for superior quality and yield grade. The age and source verified premiums available for fat cattle are "trickling down" to the cow/calf producer as feeders seeking to earn those premiums are paying extra for Age/Source verified calves. 2006 data from Superior Livestock Auction shows that Age/Source verified feeders had \$10-12 per head added value.

However, these premiums are anything but "free money", and the potential



for misconceptions exist. Many assume that calves enrolled in USDA approved Age/Source Verified programs are automatically eligible for age/source premiums available through participating packing plants. Cattle may qualify as age/source verified at the packer level, through one of two methods. They may have been enrolled in a USDA approved PVP with claims for age and source verification that utilizes a **PROGRAM COMPLIANT TAG**. Two requirements of program compliant tags are that they be tamperproof and have unique identification numbers, which can be used to verify the program's claims. The "Yellow" Red Angus FCCP tag is such a tag and when coupled with a Certificate of Compliance, issued by the Red Angus Association, meets the requirements for USDA Source and Age Verification. The Red Angus FCCP's Certificate of Compliance, ties the identified cattle to the USDA Process Verified claims of genetics, source and age; it may travel with the tagged cattle as they move through the supply chain. The Certificate of Compliance may be requested by the ranch of origin or by subsequent owners, such as stocker operations, feed yards, packers, etc. One needs to supply the range of tag numbers when requesting this document.

The absence of a **Program Compliant Tag** requires that cattle must be fed in a feed yard which is under a USDA approved PVP or Quality Systems Assessment (QSA) program. Such pro-

grams exist to provide the paper trail for documented age and source.

Participating feedyards typically acquire these programs through one of three methods: 1) Developing their own QSA through USDA; this is both expensive and time consuming, and fits only very large feedyards. 2) Being "licensed" by an independent service provider (typically a data management company) which has a PVP. This is a relatively popular option for many of the mid-size and smaller yards. 3) Fitting under the umbrella of an established PVP/QSA; this is typically the most logical route for smaller yards. Such umbrella programs are often available through packers and/or marketing alliances.

It should also be noted that even though the program compliant tag meets USDA requirement for traceability and identification, individual packers have the right to mandate that source/age verified cattle still be fed in a feed yard covered under a QSA or PVP providing USDA approved Age and Source Verification.

The ranch of origin plays an important role in making the certificate of compliance available to subsequent owners. When the tags are shipped to the approved supplier, paper work is sent from the Red Angus office requesting date of birth of the first calf in the calf crop, and exactly which tags were utilized. Producers may apply the tags at birth, branding, weaning, or anytime prior to calves leaving the ranch of origin; paperwork should be returned as soon as possible after the last calf is tagged, so the final tag number used has been identified. Remember, it is far easier to report a range of tag numbers if used in sequential order.

Your participation in the Red Angus FCCP positions your Red Angus influenced calves, feeder cattle and fed cattle to capture the emerging premiums for genetic, source and age verified cattle. ■